

**American Hospital Association
Statement for the Record**

**Hearing on
Examining the Children’s Hospitals Graduate Medical Education Program
in the
Subcommittee on Health
of the
Energy and Commerce Committee
of the
U.S. House of Representatives**

May 9, 2006

Overview

The American Hospital Association (AHA), on behalf of our 4,800 member hospitals, health care systems and other health care organizations, and our 35,000 individual members, appreciates the opportunity to submit a statement for the record in support of the Children’s Hospitals Graduate Medical Education (CHGME) program in the Health Resources and Services Administration (HRSA). We urge a swift mark-up, followed by quick passage, of legislation to reauthorize CHGME, which has been an extremely successful program.

There is strong, bipartisan support for reauthorization. H.R. 1246, the “Children’s Hospitals Education Equity and Research Act,” has 166 cosponsors and is pending before this subcommittee. The Senate unanimously passed companion legislation last July.

The leadership of the Energy and Commerce committee played a critical role in the original two-year authorization of CHGME in 1999 and the five-year reauthorization of it as part of the “Children’s Health Act of 2000.” It provides critically needed federal GME support to 60 independent children’s teaching hospitals, which receive virtually no Medicare GME support.



The Success of CHGME

Thanks to CHGME support, independent children's hospitals have been able to play a key role in ensuring the continued growth of our nation's pediatric workforce, including those pediatric subspecialists in short supply. Between 2000 and 2004, there would have been a net decline nationwide in the number of general pediatricians trained, if CHGME-receiving hospitals had not trained an additional 360 pediatricians. During that time, CHGME hospitals were responsible for training 68 percent of all the additional pediatric subspecialty fellows, which were vitally needed in the face of growing shortages of subspecialists throughout the country. CHGME made this possible.

CHGME allowed the recipient hospitals to expand both the scope of training their GME programs provide and the numbers of pediatric residents they train without sacrificing either their financial health or their other important missions of clinical care and research devoted to advancing the health care of all children. This occurred at a time when their costs have increased in order to respond to growing demand for their services, growing numbers of Medicaid and uninsured patients, and state cutbacks in Medicaid.

The Continuing Need for CHGME

In recommending that the committee move quickly to reauthorize CHGME, we also urge you to reject the administration's proposal to cut funding for the program by two-thirds and limit the remaining funds only to certain hospitals. The proposal ignores the CHGME program's purpose of providing comparable federal GME support to independent children's hospitals, its success in strengthening children's hospitals' ability to contribute to the future workforce of physicians who care for children, and the impact of the virtual elimination of the program on hospitals that face numerous challenges.

These challenges include the continued decline in private coverage for children; the rising numbers of children covered by Medicaid, which provides inadequate reimbursement; the significant costs for hospitals that provide many regionalized pediatric services that otherwise would not be available; and the hospitals' rising bad debt. The loss of CHGME funding, which on average would equal a 33 percent reduction in children's hospitals' total margins, coupled with the worsening of any of these challenges, could quickly move a children's hospital from financial strength to weakness.

Ultimately, maintaining strong CHGME support for the independent children's hospitals is critical not only to their patients but also to the future health of all children. Although they represent only one percent of all hospitals, CHGME hospitals provide close to half of all pediatric subspecialty care for the nation's sickest children, train about half of all pediatric subspecialists and the majority of pediatric researchers, house the nation's premier pediatric research centers, and are the largest pediatric safety net providers of their communities. The nation's children cannot afford the loss of CHGME funding for this pivotal segment of the hospital community.

The AHA appreciates the opportunity to share its views with the subcommittee. We thank you for your consideration of our recommendation for swift markup and passage of reauthorization of the Children's Hospitals GME program.